

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Oller Analyst: Gloria McConnell Bill Number: SB 1439
Related Bills: See Legislative History Telephone: 845-4336 Introduced Date: 02/14/02
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: FTB Tax Penalty Amnesty Program

SUMMARY

This bill would create an amnesty program for certain taxpayers that have failed to file income tax¹ returns.

PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to help resolve the state's fiscal shortfall. This bill would increase revenue without raising taxes.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2003. The amnesty program would only apply to taxable years beginning before January 1, 2002.

POSITION

Pending.

Summary of Suggested Amendments

Suggested amendments will subsequently be provided as discussed under "Implementation Considerations."

ANALYSIS

FEDERAL/STATE LAW

Federal law does not currently provide for an amnesty program.

¹ In this analysis, "income tax" is intended to include generally the income tax for individuals, fiduciaries, estate, trusts, partnerships, and corporations, as well as the franchise tax, which is the corporate tax measured by income.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Alan Hunter for GHG

04/02/02

Penalties and Other Sanctions

Under current state income tax laws, numerous penalties may be imposed for the nonreporting or underreporting of income. Some penalties are imposed against either individual or corporate taxpayers, while others target corporations that are doing business and are out of compliance with the income tax laws. Additionally, certain penalties are against third parties that assist taxpayers in the nonreporting or underreporting of their income. Further, certain fees are imposed against taxpayers that fail to file returns or pay their tax liabilities. Attachment A contains a general brief description of these penalties and fees.

Taxpayers that fail to report or underreport their income also may be subject to criminal sanctions. Depending upon the gravity of the offense, such taxpayers may be guilty of either a misdemeanor or felony violation. Upon conviction, such taxpayers are subject to fines and/or imprisonment, together with costs of investigation and prosecution. Typically, the district attorney acts as the prosecuting attorney.

When taxpayers fail to file income tax returns, there is no statute of limitations so that the Franchise Tax Board (FTB) may have as long as necessary to ensure taxpayer compliance with the filing requirements. However, to encourage certain out-of-state taxpayers to comply with the filing requirements, current income tax law allows FTB and taxpayers to sign voluntary disclosure agreements. These agreements allows FTB to waive penalties for these taxpayers that: (1) voluntarily file all required returns, (2) pay all the tax, penalties, and interest with respect to the preceding six taxable years, and (3) agree to subsequently comply with all California's income tax laws.

Enforcement and Collection Provisions

If taxpayers do not report or underreport their income, FTB has the authority to estimate net income from any available information. Once the tax liability is determined based upon the estimate of net income, FTB may issue notices of proposed deficiency assessments (NPAs) for the additional tax, penalties and interest.

Current Activities

Since the 1984-85 amnesty program, FTB has increased its activities that target the nonreporting and underreporting of tax liabilities. Attachment B provides details relating to these activities: enforcement, collection, and criminal investigation.

THIS BILL

Under this bill, taxpayers could apply for amnesty from January 1, 2003, to June 30, 2003 (amnesty window), by:

- filing an application with the FTB,
- filing all delinquent income tax returns and necessary amended returns (amnesty returns), and
- paying the taxes and interest due in full (or pursuant to the terms of an installment payment agreement).

New criminal actions could not be brought against the taxpayer for those taxable years for which amnesty is requested.

If, as a result of amnesty returns, FTB issues an NPA, FTB may impose penalties and bring criminal action only on the difference between the amount shown on the amnesty return and the correct amount.

Amnesty would not be available in the following situations:

1. for nonpayments of any tax for which an NPA has been issued, unless the notice was issued before January 1, 1999, and no subsequent enforcement action has been taken by the FTB.
2. for violations for which as of January 1, 2003: (1) those taxpayers are already on notice of a pending criminal investigation, or (2) a court proceeding has already been initiated.

FTB would be required to adequately publicize the amnesty program to maximize public awareness and participation.

IMPLEMENTATION CONSIDERATIONS

The first situation, noted above, for which amnesty would not apply relates to the “nonpayment” of tax. In discussions with the author’s staff, the intent of this provision is to recognize that some taxpayers may be “caught” by FTB (hence, the issuance of an NPA), so should not be eligible for amnesty, unless FTB is unable to fully collect the debt. However, it is unclear whether the author’s intent would be achieved, specifically in the following situations where FTB:

- is precluded from taking collection action. This situation would result where the NPA was issued before January 1, 1999, and the case remains under protest or appeal during which time FTB is precluded from taking collection or further enforcement action.
- has notified taxpayers of their filing requirement preliminary to the issuance of the NPA. In concept, the taxpayer may be considered “caught” at the time this notification, even though the NPA would not yet been issued.

Also, it is unclear what is meant by "enforcement action." For example, it is unclear whether the recording of a notice of state tax lien or a routine search for assets, is considered "enforcement action." Also for consideration is whether enforcement fees should be waived under the amnesty program. The author's staff indicated it would work with FTB staff as the bill moves through the legislative process to clarify the author's intent.

The following are other provisions in the bill that FTB staff will work with the author's staff to clarify:

1. Section 19732(a)(1) and (2) indicates that the amnesty program is contingent merely upon taxpayers requesting amnesty (page 2, lines 15 and 18). It is suggested that these provisions be amended to clarify that amnesty would apply only if all the terms of amnesty, as set forth in Section 19733(a), are met during the amnesty window.
2. Section 19732(a)(3) addresses taxpayers that were issued NPAs before January 1, 1999 (as mentioned above). It is unclear whether taxpayers that were issued demands to file, reminders to file, or NPAs that may or may not be final after January 1, 1999, could apply for amnesty.
3. Section 19732(b) describes the second above-noted situation for which amnesty would not apply. This situation focuses on taxpayers being aware of and being mailed notices of pending criminal investigations. However, taxpayers under criminal investigation by FTB are not mailed notices of such investigation. The element of surprise is of utmost importance in criminal investigations. Therefore, taxpayers typically become aware of a pending criminal investigation only once search warrants or subpoenas for records are issued or other investigative actions are initiated. Staff suggested that this provision be amended to provide that amnesty would not apply to taxpayers who are under criminal investigation as of December 31, 2002.
4. Section 19733(a) is unclear whether the application, all returns, and payment (or installment payment agreement) must all be received by FTB during the amnesty window for the terms of amnesty to be met. Without clarification, the application may be received no later than the last day of the amnesty window, and the returns and payment (or agreement for installment payments) any time thereafter, which may be years thereafter. Additionally, under this provision, the documents may not come in one package. The application could be filed early in the amnesty period, the returns later, and payment even later. This lag between the sending and receipt of the documents may unduly cause confusion for both the taxpayer and staff.
5. Section 19733(c) limits the actions FTB can take if after the last day of the amnesty window FTB issues a deficiency assessment as a result of the amnesty returns. FTB can only impose penalties and bring criminal action, based on the difference between the amount shown on the amnesty return and the correct amount of tax. However, typically, criminal actions are separate and apart from the deficiency assessment process. For criminal actions, the tax, penalties, and payment thereof, are enforced by the court. Therefore, FTB staff suggests this provision be restructured to clarify that after the last day of the amnesty window, FTB can take either of the following actions on the difference between the amount shown on the amnesty return and the amount required to be shown: (1) issue deficiency assessments, (2) impose penalties, or (3) bring criminal action.

Of additional concern is the timing between the date this bill is subject to implementation and the amnesty window. Staff is concerned that this bill may not be enacted until fall 2002 so that there may not be ample time to market and publicize the amnesty program to ensure its success.

LEGISLATIVE HISTORY

AB 3230 (Hannigan; Stats. 1984, Ch. 1490) provided for an amnesty program for individual taxpayers relating to the nonpayment and underreporting of tax or the nonpayment of any previously assessed tax. Attachment C provides additional details about that program.

ABX 8 and AB 2635 (Martinez; 1997/98) both would have provided an income tax amnesty program. The revenue generated from the program would have been transferred to special funds to provide disaster loss assistance and provide relief from damages caused by uninsured motorists, respectively. Neither bill passed its first policy committee.

OTHER STATES' INFORMATION

According to information furnished by the Federation of Tax Administrators, as of February 1, 2002, five states have implemented an amnesty program within the past six months: *Arizona, Louisiana, Maryland, Nevada, and Ohio*. In addition, *Michigan* will be implementing an amnesty program beginning May 15, 2002. During 1996-97, *New York* provided its taxpayers a "second chance" amnesty, which was 11 years after its first amnesty program.

Each state's amnesty program varies. The number of months in the amnesty window varies, as does the taxes that amnesty covers. For additional information, Attachment D provides a chart of the past and current amnesty programs administered by other states. The chart is from the web site of the Federation of Tax Administrators, updated to reflect collections cited in the *Review of New York State's 1996-97 Amnesty Program*.

FISCAL IMPACT

Revenue Estimate

Until the "Implementation Considerations" and "Policy Concerns" are resolved, an implementation plan cannot be developed and, hence, the departmental costs cannot be determined. However, for discussion purposes, staff made many assumptions, looked at some basic processing functions that would need to be changed to incorporate the filing of the amnesty documents, and made some cursory cost calculations. Based on these calculations, staff concluded that for the first year, 2002-03, the departmental costs would exceed the estimated revenue. It was additionally concluded that from an overall prospective the cost-to-benefit ratio (CBR) from an amnesty program may be in the range of 1:3.

An implementation plan and a departmental cost analysis will be developed once the bill moves to the second house.

ECONOMIC IMPACT

Revenue Estimate

Based on the discussion below, the revenue impact of this bill is as follows:

Estimated Revenue Impact of SB1439 For Tax Liabilities Attributed to Tax Years Beginning Before 1/1/02 Fiscal Year (In Millions)			
	2002-03	2003-04	2004-05
Personal Income Tax Law (PIT):			
Total Gross Revenue	\$23.0	\$77.5	\$15.0
Collections Absent Amnesty	(\$21.0)	(\$70.0)	(\$13.5)
Net PIT Revenue	\$ 2.0	\$ 7.5	\$ 1.5
Corporation Tax Law (CTL):			
Net CTL Revenue	\$ 1.0	\$ 4.0	\$1.0
Total Net Revenue	\$ 3.5	\$11.5	\$2.5

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this bill.

Revenue Discussion

The number of taxpayers that file approved amnesty applications, file the required returns, and pay the required tax under the amnesty program will determine the revenue impact for this bill. This estimate assumes that taxpayers who have been issued NPAs would not be eligible for amnesty, because of FTB's continuous enforcement activities, including the recording of notices of state tax liens and searching for assets.

Based on FTB's experiences in administering the 1984-85 amnesty program, it is estimated that approximately 70,000 individuals would be approved for amnesty under this bill. The following data and assumptions were used from those previous experiences, taking into consideration the following:

- Under the 1984-85 amnesty program, of the over 147,000 taxpayers who filed for amnesty, 68,000 of these taxpayers had been identified through FTB's filing enforcement program. Of those identified, approximately half had been issued filing enforcement NPAs, and therefore, would not qualify for amnesty under this bill. Also, under the 1984-85 amnesty program, approximately 37,000 taxpayers were granted amnesty for the nonpayment of a tax liability, which under this bill, would not qualify for amnesty.
- During the 17 years between the 1984-85 amnesty program and now: (1) FTB's current enforcement and collection practices have been improved and enhanced, (2) penalties for nonreporting and underreporting of income have substantially increased, and (3) audit and investigation information sources have increased, processes have become more efficient and effective, and staff has increased considerably.

- There are no new enforcement measures and penalties in the bill to more actively encourage taxpayers to take advantage of amnesty. Also, a number of otherwise eligible taxpayers may gamble on there being a third chance for amnesty in the future.

This analysis also assumes this bill would not improve future self-compliance with the filing requirements primarily for the same reason cited in the above last bulleted item. Also, a number of taxpayers do not believe in the tax system or believe it is unfair, regardless of this bill. Hence, they will continue to disregard the income tax laws.

POLICY CONCERNS

- The 1984-85 amnesty program was viewed in part as a long-term strategy to improve taxpayer compliance. However, even with that amnesty program and the many enhancements to the enforcement laws, FTB's practices, and FTB's information sources, potentially tens of thousands of taxpayers who either have not reported or have underreported their income still remain undetected. Providing a second amnesty, under this bill, might encourage at least some of these otherwise undetected taxpayers to come into the tax system.
- This bill could benefit tax law-abiding businesses. Under this bill, tax law-abiding businesses and those businesses that will become tax law-abiding under amnesty would both be paying their fair share of taxes. By both paying their fair share, their cost of doing business would be relatively more comparable, and, hence, their bids on jobs more fairly competitive.
- The CBR for this amnesty program may be in the range of 1:3. This CBR is less than the CBR of FTB's audit and other enforcement activities that are funded through the usual budget process.
- This amnesty program would apply to 2001 and earlier income tax returns. Most of the 2001 income tax returns will become due as this bill is moving through the legislative process. Additionally, extensions of time to file could be requested for the 2001 returns pending enactment of this bill. Therefore, providing amnesty for 2001 returns provides an opportunity for taxpayers lawfully to maneuver the late filing of their 2001 returns without consequence because they could apply for amnesty.
- Based on experiences with the 1984-85 amnesty program, staffing will be an important issue. It may be necessary to redirect experienced auditors or other professional staff from existing activities to analyze the amnesty returns. This experienced staff may also be needed to ascertain whether the taxpayers are eligible for amnesty, and work the more complex cases.
- Also, programming, managerial, and other key staff may need to be redirected from other projects or core functions. Many of these experienced or key people would undoubtedly be redirected from revenue-producing activities. To the extent these activities must then be performed by less experienced staff, that redirection effort could negatively affect those revenue-producing activities. In addition, such redirection may result in backlogs in other operations within the FTB, negatively affecting the quality of service that otherwise would be given by FTB staff. The current hiring freeze would make the redirection of staff to an amnesty program an even more critical issue for FTB.

- The amnesty window under this bill would occur during the filing season for the 2002 income tax returns. Staff would be potentially incorporating 80,000 income tax returns and as many as three or four times that number of other types of communications (amnesty applications, payments, telephone calls, in-person contacts at district offices, and correspondence) into its usual ongoing filing services operation. This would create a substantial distraction to this usual operation.
- Experience with the 1984-85 amnesty program indicates that the estimated workload and time necessary to resolve the amnesty accounts may be significantly understated in this analysis. To the extent that this is the case, a current year General Fund deficiency would be needed in addition to the appropriation suggested in this analysis. Under the present budgetary process, the likelihood of readily receiving such a deficiency to complete the unforeseen amnesty workload would be remote.
- Having another amnesty program after expressly providing that the Legislature intended for the 1984-85 amnesty program to be a one-time occurrence may undermine similar statutory recitals of the Legislature. It may also create cynicism among law-abiding taxpayers who will see tax debtors again benefiting from reoccurring noncompliance.
- On occasion prosecuting attorneys (Attorney General, district attorneys, and city attorneys) may seek FTB's assistance in their criminal cases where a person has received income as a result of criminal activities. FTB assists in these cases when the person also has criminally violated the income tax law by not reporting that income to FTB. If FTB were contacted by a prosecuting attorney during an amnesty window, FTB staff would have to delay working with that prosecuting attorney. FTB staff would have to wait until after the amnesty window closes to see whether the offender was granted amnesty. If amnesty were granted, unless there is an exception in the amnesty provisions for these types of situations, FTB would be precluded from assisting the prosecuting attorney. For this reason, prosecuting attorneys may have concerns with amnesty. From a criminal justice perspective, giving amnesty to income tax law criminal offenders is akin to not taking criminal action against bank robbers just because they turn in themselves and the money from a bank robbery.

LEGISLATIVE STAFF CONTACT

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Attachment A

Commonly Imposed Penalties

The following are the more commonly imposed penalties under current income tax laws against taxpayers that do not report or underreport their income, or do not pay deficiency assessments:

Late filing – income tax returns that are filed late are subject to two types of late filing penalties: (1) a basic penalty of 5% of the tax per month that the return is late, up to a maximum of 25% of the tax, or (2) a minimum penalty of the lesser of \$100 or 100% of the tax liability, if the return is filed 60 days or more late and the basic penalty is less than \$100. If the failure to file is due to fraud, the basic penalty is 1% per month, up to a maximum of 75%.

Underpayment -- income taxes that are not paid by the original due date of the income tax return are subject to a penalty of 5% of the unpaid tax PLUS 1/2 of 1% per month, up to a maximum of 40 months (20%).

Demand -- income tax returns that are not filed upon notice and demand from the FTB are subject to a penalty of 25% of the amount of the tax required to be shown on the return.

Frivolous return -- income tax returns that are not sufficiently completed to substantially determine the correct self-assessed tax are subject to a penalty of \$500.

Accuracy-related -- substantial understating income tax, overstating values of items, or overstating pension liabilities are subject to a penalty of 20% of the additional tax that is accuracy related. If the misstatements are due to fraud, the penalty is 75% of that resulting tax.

Corporate Penalties Relating To Doing Business

Corporations that are doing business while out of compliance with the tax laws are subject to the following penalties that may be significant:

- If a corporation's rights, powers, and privileges are suspended or forfeited for failure to file an income tax return or pay the tax, the corporation's contracts are voidable. To be relieved of voidability, the corporation must be brought to full compliance with the tax laws. In addition, the corporation must pay a penalty of \$100 for each day that voidability relief is being sought (not to exceed the tax amount).
- certain corporations that are doing business in California and have not filed income tax returns are subject to a \$2,000 penalty per tax year.

Enforcement Fees

Taxpayers that fail to file returns or pay their income tax liabilities during fiscal year 2001-02 may be liable for the following fees relating to the enforcement of the income tax return or liability:

- \$109 for individuals and \$73 for corporations that fail to file income tax returns within 25 days after FTB mails its formal legal demand for the returns.
- \$101 for individuals and \$150 for corporations that fail to pay their income taxes after FTB mails its notice for payment that advises that continued nonpayment may result in collection action.

Third-party Penalties

Third parties that assist taxpayers in their failure to comply with the income tax laws may be subject to the following penalties:

- tax preparers who understate a taxpayer's tax liability on any return are subject to a \$250 penalty, which increases to \$1,000 if the understatement is a result of willful or reckless conduct.
- persons who aid and abet a taxpayer in understating the taxpayer's tax liability are generally subject to a penalty of \$1,000 per taxpayer for each year.

Attachment B

Enforcement Activities

In 2001, FTB began its filing enforcement process for individual taxpayers under its newly developed Integrated Nonfiler Compliance (INC) system. In 2002, INC will expand to include corporate taxpayers. Under INC, the computer sorts through more than 220 million records received from employers, banks, the Internal Revenue Service (IRS), and other sources, and matches them against tax returns filed. Those taxpayers with California income for whom FTB has no record of an income tax return being filed, and are repeat nonfilers, a demand letter is sent requesting that the past due return be filed. Repeat nonfilers that do not file as requested are subject to the demand penalty. The other taxpayers receive a reminder letter instead of a demand letter and, hence, are not subject to the demand penalty.

If a return is not filed as required, the taxpayer's net income is estimated from the available information, and a deficiency assessment is proposed. For taxpayer assistance, a special Internet website has been created. Under this web site, taxpayers identified through INC can request more time to file their income tax returns, retrieve information that can assist them in the filing of the income tax return, learn about payment options, and correct misreported information. The filing enforcement process generally begins after the extended due date of the tax return and with issuance of the demand or reminder letter. During 2001, more than 200,000 NPAs were issued for income tax returns that were not filed for tax year 1999. It is anticipated that when INC for individual taxpayers is fully operational the proposed assessments will be issued within 12 months from the beginning of the process. Once fully operational, within the next few years, staff anticipates INC NPAs will total 400,000 per year.

In addition to this automated filing program, FTB has a large audit staff designed to encourage compliance with the income tax laws. For this purpose, typically, computer programs search state and federal income records to detect leads as to discrepancies between income items that were reported and should have been reported on income tax returns. Based on the computerized search of these records, one of many audit-type activities may be initiated, ranging from clerical inquiries, computer-generated inquiries, manual desk audits or field audits, to a combination of computer and manual audits. FTB typically seeks funding for audit-type activities for all cases with a cost-to-benefit ratio (CBR) of 1:5 or greater, based on the net proposed tax assessments. Audits with a lesser CBR may be conducted on a case-by-case basis.

Collection Activities

Once assessments are final, taxpayers are notified and payment is requested. Taxpayers having a financial hardship and unable to pay their taxes in full may be eligible to enter into installment payment agreements. For taxpayers who do not have, and will not have in the foreseeable future, the income, assets or means to pay their tax liability, the taxpayer may consider offering a lesser amount for payment of the tax liability. If taxpayers disregard FTB's notice for payment, FTB will send taxpayers notice preliminary to the taking of collection action. There is no statute of limitation on collections.

If an account is unpaid after sending the collection notice, FTB uses an automated computer system to continually search asset records. Typically, a notice of state tax lien is recorded as the first action taken. Then, depending upon the type of asset identified, the appropriate collection remedy is initiated, which may include garnishing wages, attaching bank accounts, or taking other collection actions.

Criminal Investigation Activities

FTB investigators work leads from various information sources to identify the amount of tax that should have been reported. FTB investigators were recently granted peace officer status, enabling them to issue search warrants and recover the cost of FTB's criminal investigation from the taxpayer. Currently investigators are working approximately 300 cases. This number is expected to increase consistent with the augmentation in staff (six positions for three years) to pursue additional leads and cases. In addition to the direct benefit to the state from the compliance achieved from the taxpayers that are prosecuted, these cases deter others in the trade or industry from violating the law.

Taxpayers that are under criminal investigation are not immediately or readily notified of the on-going criminal investigation. The element of surprise is necessary in obtaining the needed records or information through a search warrant, subpoena, interviews, or other actions. It is only when these actions are taken that the taxpayer may be aware of pending criminal investigations.

FTB's criminal investigation cases are turned over to the appropriate district attorney, who in turn files a complaint against the taxpayer. A criminal investigation case may take several years to complete from the time the lead is obtained until the time the complaint is filed.

Attachment C

Amnesty Background

California's 1984-85 amnesty program emerged from a growing perception among tax administrators and others that the state's "tax gap" was unacceptably large and growing larger. The general intent of the 1984 legislation was to improve compliance with the income tax laws and accelerate and increase collections. In addition to the acceleration of collections, it was anticipated there would be future benefit in that taxpayers would permanently be brought into the tax system. The Legislature expressly indicated that the amnesty program would be a one-time occurrence, not to be repeated in the future as that would be counterproductive. The amnesty provisions were enacted along with post-amnesty enforcement tools and penalties provisions.

The 1984-85 amnesty program produced total gross revenue of \$154 million in income tax and interest. However, the department estimates it could have collected \$119.5 million from those individuals through its ongoing enforcement programs had amnesty not been adopted. Departmental costs were \$6.5 million (\$5.2 million for personnel and \$1.3 million for operating costs). Though the amnesty program ended in March 1985, the processing of amnesty applications and returns continued through June 1986. This lag resulted because even though the application was filed within the amnesty window, the returns or payments were filed or paid much later. The department received 725,000 public contacts concerning the amnesty program, of which two-thirds of those were received during March 1985.

The 1984-85 amnesty program applied to the nonreporting or underreporting of an individual's income, and nonpayment of individual income tax liabilities, and did not apply to corporate taxpayers. This legislation also included amnesty for sales and use tax that was administered by the Board of Equalization. The legislation provided for an amnesty window of 94 days (December 10, 1984, through March 15, 1985).

As part of marketing the amnesty program, the FTB significantly increased the visibility of its enforcement program. The FTB publicized its "get tough" attitude toward taxpayers that did not correctly report their taxes by announcements of property seizures and criminal prosecutions. The upcoming, one-time only amnesty was mentioned at every opportunity. The message that was presented on 500 billboards throughout the state was that detection methods, penalties, and collection tools will be improved and enhanced, so "get to us before we get to you."

Attachment D

State Tax Amnesty Programs*

STATE	AMNESTY PERIOD	LEGISLATIVE AUTHORIZATION	MAJOR TAXES COVERED	ACCOUNTS RECEIVABLE INCLUDED	Collections (\$ Millions) (a)	INSTALLMENT ARRANGEMENTS PERMITTED (b)
ALABAMA	1/20/84 - 4/1/84	No (c)	All	No	3.2	No
ARIZONA	11/22/82 - 1/20/83	No (c)	All	No	6.0	Yes
	1/1/02 - 2/28/02	Yes	Ind. Income			No
ARKANSAS	9/1/87 - 11/30/87	Yes	All	No	1.7	Yes
CALIFORNIA	12/10/84 - 3/15/85	Yes	Ind. Income	Yes	154.0	Yes
		Yes	Sales	No	43.0	Yes
COLORADO	9/16/85 - 11/15/85	Yes	All	No	6.4	Yes
CONNECTICUT	9/1/90 - 11/30/90	Yes	All	Yes	54.0	Yes
	9/1/95 - 11/30/95	Yes	All	Yes	46.2	Yes
FLORIDA	1/1/87 - 6/30/87	Yes	Intangibles	No	13.0	No
	1/1/88 - 6/30/88	Yes (d)	All	No	8.4 (d)	No
GEORGIA	10/1/92 - 12/5/92	Yes	All	Yes	51.3	No
IDAHO	5/20/83 - 8/30/83	No (c)	Ind. Income	No	0.3	No
ILLINOIS	10/1/84 - 11/30/84	Yes	All	Yes	160.5	No
IOWA	9/2/86 - 10/31/86	Yes	All	Yes	35.1	
KANSAS	7/1/84 - 9/30/84	Yes	All	No	0.6	No
KENTUCKY	9/15/88 - 9/30/88	Yes (c)	All	No	61.1	No
LOUISIANA	10/1/85 - 12/31/85	Yes	All	No	1.2	Yes (f)
	10/1/87 - 12/15/87	Yes	All	No	0.3	Yes (f)
	10/1/98 - 12/31/98	Yes	All	No (q)	1.3	No
	9/1/01 - 10/30/01	Yes	All	Yes	173.1	No
MAINE	11/1/90 - 12/31/90	Yes	All	Yes	29.0	Yes
MARYLAND	9/1/87 - 11/2/87	Yes	All	Yes	34.6 (g)	No
	9/1/01 - 10/31/01	Yes	All	Yes	39.2	No
MASSACHUSETTS	10/17/83 - 1/17/84	Yes	All	Yes	86.5	Yes (h)
MICHIGAN	5/12/86 - 6/30/86	Yes	All	Yes	109.8	No
	TBA/02 - TBA/02			Yes		
MINNESOTA	8/1/84 - 10/31/84	Yes	All	Yes	12.1	No
MISSISSIPPI	9/1/86 - 11/30/86	Yes	All	No	1.0	No
MISSOURI	9/1/83 - 10/31/83	No (c)	All	No	0.9	No
NEVADA	2/1/02 - 6/30/02		All			
NEW HAMPSHIRE	12/1/97 - 2/17/98	Yes	All	Yes	13.5	No
NEW JERSEY	9/10/87 - 12/8/87	Yes	All	Yes	186.5	Yes
	3/15/96 - 6/1/96	Yes	All	Yes	359.0	No

NEW MEXICO	8/16/99 - 11/12/99	Yes	All	Yes	45	Yes
	8/15/85 - 11/13/85	Yes	All (i)	No	13.6	Yes
NEW YORK	11/1/85 - 1/31/86	Yes	All (j)	Yes	401.3	Yes
	11/1/96 - 1/31/97	Yes	All	Yes	253.0 (*)	Yes (o)
NORTH CAROLINA	9/1/89 - 12/1/89	Yes	All (k)	Yes	37.6	No
NORTH DAKOTA	9/1/83 - 11/30/83	No (c)	All	No	0.2	Yes
OHIO	10/15/01 - 1/15/02	Yes	All	No	22.2	No
OKLAHOMA	7/1/84 - 12/31/84	Yes	Income, Sales	Yes	13.9	No (l)
PENNSYLVANIA	10/13/95 - 1/10/96	Yes	All	Yes	n.a.	No
RHODE ISLAND	10/15/86 - 1/12/87	Yes	All	No	0.7	Yes
	4/15/96 - 6/28/96	Yes	All	Yes	7.9	Yes
SOUTH CAROLINA	9/1/85 - 11/30/85	Yes	All	Yes	7.1	Yes
SOUTH DAKOTA	4/1/99 - 5/15/99	Yes	All	Yes	0.5	
TEXAS	2/1/84 - 2/29/84	No (c)	All (m)	No	0.5	No
VERMONT	5/15/90 - 6/25/90	Yes	All	Yes	1.0 (e)	No
VIRGINIA	2/1/90 - 3/31/90	Yes	All	Yes	32.2	No
WEST VIRGINIA	10/1/86 - 12/31/86	Yes	All	Yes	15.9	Yes
WISCONSIN	9/15/85 - 11/22/85	Yes	All	Yes (n)	27.3	Yes
	6/15/98 - 8/14/98	Yes	All	Yes	30.9	
DIST. OF COLUMBIA	7/1/87 - 9/30/87	Yes	All	Yes	24.3	Yes
	7/10/95 - 8/31/95	Yes	All (p)	Yes	19.5	Yes (p)

***Source 1:** *The Federation of Tax Administrators.*

(a) Where applicable, figures include local portions of certain taxes collected under the state tax amnesty program.

(b) "No" indicates requirement of full payment by the expiration of the amnesty period. "Yes" indicates allowance of full payment after the expiration of the amnesty period.

(c) Authority for amnesty derived from pre-existing statutory powers permitting the waiver of tax penalties.

(d) Does not include intangibles tax and drug taxes. Gross collections totaled \$22.1 million, with \$13.7 million in penalties withdrawn.

(e) Preliminary figure.

(f) Amnesty taxpayers were billed for the interest owed, with payment due within 30 days of notification.

(g) Figure includes \$1.1 million for the separate program conducted by the Department of Natural Resources for the boat excise tax.

(h) The amnesty statute was construed to extend the amnesty to those who applied to the department before the end of the amnesty period, and permitted them to file overdue returns and pay back taxes and interest at a later date.

(i) The severance taxes, including the six oil and gas severance taxes, the resources excise tax, the corporate franchise tax, and the special fuels tax were not subject to amnesty.

(j) Availability of amnesty for the corporation tax, the oil company taxes, the transportation and transmissions companies tax, the gross receipts oil tax and the unincorporated business tax restricted to entities with 500 or fewer employees in the United States on the date of application. In addition, a taxpayer principally engaged in aviation, or a utility subject to the supervision of the State Department of Public Service was also ineligible.

(k) Local taxes and real property taxes were not included.

(l) Full payment of tax liability required before the end of the amnesty period to avoid civil penalties.

(m) Texas does not impose a corporate or individual income tax. In practical effect, amnesty was limited to sales tax and other excises.

(n) Waiver terms varied depending upon the date of tax liability was accessed.

(o) Installment arrangements were permitted if applicant demonstrated that payment would present a server financial hardship.

(p) Does not include real property taxes. All interest was waived on tax payments made before July 31, 1995. After this date, only 50% of the interest was waived.

(q) Exception for individuals who owed \$500 or less.

****Source 2:** *Review of New York State's 1996-97 Amnesty Program*

Last Updated: January 2002